

## TPI: Enjoying the first-mover advantage

Al-Takaful Palestinian Insurance Co (TPI) is the first takaful operator in Palestine which was formed in response to the growing need for takaful insurance services. The outlook for the company so far is positive, says General Manager **Mohammad Al-Remawi**.

**W**ithin the first six months of operations, TPI was able to create a notable presence in the market and obtain a share of over 2%. By the end of 2008, TPI achieved GWP of over US\$2 million and issued over 3,500 insurance policies, "very positive indicators for the first takaful operator in Palestine," said Mr Al-Remawi.

The company started operations in the middle of 2008 after obtaining the necessary licenses and holding its IPO which offered 25% of shares in late 2007. Besides the Palestinian Islamic Bank, who owns around 15% of the shares, TPI counts three local insurers as main shareholders and founders. These are National Insurance Co, Ahleia Insurance Group, and Trust International Insurance Co. Prominent local businessmen are also shareholders in TPI.

Although motor has an 85% share of the TPI portfolio, it had a loss ratio of only 15%, while non-motor's loss ratio was negligible. "This is a promising kick-off for us and we intend to preserve the same prudent and selective underwriting strategy," said Mr Al-Remawi. "We also plan to increase our share of non-motor this year to 20% of our overall business, which we are targeting to hit no less than \$5 million this year."

### Responsibility of the first

"Being the first Islamic insurer in Palestine has placed greater responsibility on the company to introduce the takaful concept to the Palestinian society," said Mr Al-Remawi. "Although the Palestinian society has a good level of insurance awareness, takaful to a certain degree, is a new product which has not been promoted before. This has required greater effort from our side to define the concept and to increase our activities through seminars, workshops, and other promotional activities. We have also been active in visiting some vocational and professional institutions to introduce the insurance concept in general and takaful insurance in particular."

He also referred to a greater responsibility. "As the first company to introduce takaful, we are responsible for delivering the concept in the right sense. Any misrepresentation could affect the image of takaful in general and not only the operator or provider. We take this matter seriously, and we are working hard to fulfil our mission."

### Shariah and capital strength

Besides being the sole Shariah-compliant operator, another differentiating factor is that the company has the largest market capitalisation of \$8.5 million. "This, coupled with our very strong retakaful backing, will help us to take in larger operations and show greater flexibility in accepting various risks."

Presently, the company is working on setting the formula for suitable surplus distribution to ensure that the takaful experience delivers the right indications. "The aim is to enrich the experience of individuals and establish-

ments and let them enjoy the benefits of takaful. We want them to realise that they are partners in the operation. Our goal is to maximise returns for our policyholders and shareholders under the provisions of Shariah. Nonetheless, this will not be achieved so soon as takaful is a long-term investment."

### Looking Ahead

TPI's encouraging beginning has whet its appetite for expansion in different areas. "We plan to open new branches and agencies across different areas in the country," said Mr Al-Remawi. "The biggest challenge now is to find the necessary qualified staff. The insurance industry in Palestine is already facing a shortage in this issue, and in takaful, it is even tougher. We are trying to overcome this challenge through extensive training in different technical and administrative segments in takaful." TPI is also building relations with other takaful operators in different markets to benefit from their experiences, he added.

"Other challenges are mainly related to the political situation and how it affects the overall economic stability. "Moving around the country is a challenge by itself. This affects our decision in opening branches, staffing, and expansion in general. We are taking all possible means to overcome such barriers.

"In general, despite the challenges faced and the freshness of the experience, we are looking favourably at the future of takaful in Palestine, and I am very hopeful that TPI will take a leading position in the local insurance industry," he concluded.



Mr Mohammad Al-Remawi